

ARTICLE I

GENERAL PROVISIONS

A. Name. The name of the Association is Nisqually Pines Community Club (“Nisqually Pines”).

B. Jurisdiction. This Association has jurisdiction over all land within the Nisqually Pines development, legally described as: Nisqually Pines, Division Nos. 1-5, according to plats thereof recorded in Volume 16 of Plats, pages 39-A, 52, 53, 54, and 84; and Volume 17 of Plats, pages 3, 4, 5, 6, and 90, as well as all other land properly made a part thereof, and activities and uses of property therein arising out of or related to the purposes of the Association. The governing documents and other rules of the Association are binding upon all parties having or acquiring any right, title, or interest in land within the jurisdiction of Nisqually Pines, or any part thereof.

C. Purposes. The purposes for which this Association is founded are to promote the community welfare of the members and their families, and to make Nisqually Pines a better place in which to live and enjoy life, for the benefit of members and their families; and to exercise any or all powers of non-profit associations and homeowners’ associations pursuant to the laws of the State of Washington, including RCW chs. 24.03 and 64.38, or as amended.

D. Common Areas. The ownership of the common areas in Nisqually Pines is vested in the Association. Such common areas are for the exclusive use and enjoyment of members in good standing, their families and their guests; and those invited by the Association to use said common areas, including holders of easements, licenses, associate memberships, and other rights granted by the Association, if any. Unless invited as specified by the Association, through its Board of Directors, tenants are not authorized to use any of said common areas. The Association, through its Board of Directors, may create reasonable rules and regulations for the use of its common areas, and for the conduct of common area users with respect thereto. Any use of the

common areas shall be consistent with their purposes as determined by the Board of Directors, and these rules and regulations, and members shall be responsible for any damages to the common areas, or any Association property, caused by themselves or others for whom they are responsible. The Association is responsible for paying taxes and assessments on the common areas, and to operate and maintain the same, and pay the costs associated therewith. The Association may also own any other property, real or personal.

E. Authorities. This Association is subject to the governing documents of Nisqually Pines, which include the Declarations of Protective Restrictions, and Declarations of Charges, Assessments and Liens, of Nisqually Pines Community Club; its Articles of Incorporation, these Bylaws, and other rules and regulations of the Association; and other recorded documents that apply. It is also subject to the provisions of RCW ch. 24.03, the Nonprofit Corporation Act, or its successor; RCW ch. 64.38, the Homeowners' Association Act, or its successor; and the laws of the State of Washington and of the United States. The Association has all the powers of all similar Associations as provided for by State law.

F. Definitions. As used in these Bylaws, the following have the specified meanings:

1. Common Areas. These include real property owned by the Association, such as parks, the Association offices, the pool, the clubhouse, and any other real property currently owned by the Association, as well as any real property later acquired by the Association.

2. Family Members. For the purposes of these Bylaws, these include the spouses or state-registered domestic partners of members, and their dependents who live with them.

3. Guests. Guests are those whom a member invites to use the member's property. There are two kinds of guests, social and business. Tenants are not

guests. Family members other than those defined above may be guests, depending on the circumstances. Employees, contractors and other agents are also guests.

4. Member. A member is the owner or contract purchaser of a Nisqually Pines lot. Any person may hold only one membership in the Association regardless of the number of lots owned.

5. Members in Good Standing. These are members with no current substantial Protective Covenant or other rule violations; and those who are not more than 90 days delinquent in the payment of any amount due to the Association, unless a repayment agreement has been reached and is complied with. Members shall not lose their status as members in good standing because of substantial Protective Covenant or other rule violation unless the Board of Directors notifies them that the Board will consider the same at a hearing. The hearing shall be held at the next Board meeting, the member will have the right to be heard on the matter, and at the hearing the Board must approve the loss of status by at least a majority vote. One continuance, to the next Board meeting, may be granted by the Board for reasonable cause, in its sole discretion.

Each member in good standing has the right to use Association property and facilities, including the water system, and to permit guests and family members to do so as well; all pursuant to Nisqually Pines Community Club's reasonable rules and regulations. Each member in good standing also has the right to apply for approval of permits for building and other plans and/or activities, to participate in Association activities, serve on the Association Board of Directors and its committees, and vote.

Each member in good standing also has the right to appeal to the Board of Directors any decision made by the Association that adversely affects the member.

Members who are not in good standing do not have these rights.

6. Tenants. Tenants (renters) are those who compensate a member in some way for the right to live on or use a Nisqually Pines lot. Tenants may only use

common properties with the permission of the owner, in writing and on file in the Association office.

7. **Lot.** A lot is a parcel of land within the jurisdiction of the Association, as shown on the original Association plats. If one lot is combined with part of another lot or lots, by a Boundary Line Adjustment, boundary line agreement, judgment, or other process producing a generally similar result, each original lot remains a lot for purposes of the Association, including payment of assessments.

G. **Powers.** Nisqually Pines may, as a Washington State nonprofit association of homeowners, unless otherwise provided in its governing documents:

1. Adopt and amend bylaws, rules, and regulations;
2. Adopt and amend budgets for revenues including assessments, expenditures, and reserves; and impose and collect assessments for common expenses from owners;
3. Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
4. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the homeowners' association, but not on behalf of owners involved in disputes that are not the responsibility of the association;
5. Make contracts and incur liabilities;
6. Regulate the use, maintenance, repair, replacement, and modification of common areas;
7. Cause additional improvements to be made as a part of the common areas;
8. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;

9. Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys;

10. Impose and collect any payments, fees, or charges for the use, rental, or operation of the common areas;

11. Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of directors or by the representative designated by the board of directors and in accordance with the procedures as provided in the bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule adopted by the board of directors and furnished to the owners for violation of the bylaws, rules, and regulations of the association;

12. Exercise any other powers conferred by these bylaws;

13. Exercise all other powers that may be exercised in this state by the same type of corporation as the association;

14. Exercise any other powers necessary and proper for the governance and operation of the association; and

15. Exercise any other powers conferred by any other applicable authority, including current and subsequent statutory authority.

ARTICLE II

MEMBERSHIP

A. General. Although the Board of Directors acts in most instances on behalf of the Association, the primary authority of Nisqually Pines Community Club rests with its members, except where assigned to the Board of Directors by law or these Bylaws. Members elect directors to the Board of Directors, approve or disapprove annual and special budgets, including assessment amounts and further financial proposals, and vote on initiatives or referenda. Members are responsible for complying

with all Association requirements, including paying in a timely manner all assessments due to the Association, and respecting the covenants and other applicable rules as to property conditions and behaviors. Membership is appurtenant to ownership of each lot in Nisqually Pines Community Club. No member may withdraw membership except by transfer of ownership.

Each member is personally responsible for the actions of himself or herself, and all guests, family members and tenants, as well as all other occupants of or visitors to his or her lot, as they relate to the facilities and operations of the Association, its governing documents, common areas, and other Association rules and regulations and other requirements. Each member also has all the rights and responsibilities conferred by Nisqually Pines Community Club covenants and governing documents and other Association rules and regulations, as well as state law.

B. Voting Rights. Only members in good standing are eligible voters. A member in good standing who is an owner or purchaser of a lot may cast one vote. Multiple owners of any lot, or the managing person of an entity owner, shall designate who shall cast the vote for said lot. One vote may be cast for each lot. Any one member may only cast one vote, regardless of the number of lots owned. For example, a husband and wife who own three lots may cast one vote each, or a total of two votes.

C. Review Rights. Any member in good standing who in good faith believes that the Association has acted in any way contrary to the provisions of these Bylaws or any other Association rules or requirements, including by taking any action involving that member individually, or any action affecting other members or the entire membership, may ask the Board of Directors in writing to consider the matter. This review request shall state the rule or requirement at issue, the specific factual allegations made, and the identity and contact information for any witnesses. It shall also include copies of all evidence, where reasonably possible. Any review request must be made within two weeks of the Board action. No review request may be made regarding

matters that are either under discussion by the Board for litigation, or in litigation, unless permitted by the Board of Directors, with or without conditions. Review requests will not delay in any substantial way any implementation of any Association work of any kind, unless specifically allowed by the Board of Directors. The Board of Directors shall adopt a reasonable and fair system to address review requests.

D. Meetings.

1. Annual Membership Meeting. There shall be a general annual membership meeting of the Association in June of each year that shall include board member elections. There shall also be an annual membership meeting in August or each year which shall address the Association's budget.

2. Member participation at meetings. If approved by the Board, members may participate in a membership meeting by conference telephone or similar communications equipment, so that all persons participating in the meeting can hear each other at the same time. Participation by that method constitutes presence in person at a meeting.

3. Special Membership Meetings. Special meetings of the membership may be called in writing, (a) by the President of the Board of Directors, (b) by a majority of the Board of Directors, or (c) by members having ten percent of the total votes of the Association.

4. Notice. Notice of all membership meetings shall be delivered, or sent by prepaid, first class United States mail, or by other means specified by law, to each member; provided, that electronic notices may be given as provided by law. Notice shall be given not less than 14 days, and not more than 50 days prior to the meeting. The notice shall state the time, place and agenda of the meeting, and other matters as required by law. Notice is deemed to be delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the association, with postage thereon prepaid, or otherwise as specified by

law. Each member is responsible for ensuring that the address for their membership is accurate. The Notice shall include a brief discussion of significant issues to be discussed or voted on that is reasonably fair and balanced, at the discretion of the Board.

5. Place. Membership meetings shall be held at the Nisqually Pines Clubhouse, or, if the Clubhouse is not available, at such other place as may be designated by the Board.

6. Agenda. The notice of any membership meeting shall include the agenda for the meeting, as set by the Board of Directors. The agenda for membership meetings may include elections and approval of a budget and/or other financial proposals. The agenda may also include referenda, which are issues submitted to the general membership by the Board of Directors, either for binding vote, or guidance; and initiatives, which are issues submitted by the signatures of members in good standing representing ten percent of the total votes of the Association. No referendum or initiative proposal adopted by the members may, (1) contradict controlling provisions of Association governing documents or federal, state or local law; or (2) unreasonably interfere with the contract rights of any third parties, as determined by the Board of Directors.

At each annual membership meeting, the Officers and committee chairpersons, and others at the direction of the Board, shall provide summary reports of operations of the preceding year, and plans for the upcoming year, as well as long-range plans. The agenda shall also include notice of such reports and may also include provision for discussion of particular issues.

In order to be fair to members unable to attend, neither the agenda nor any items on it may be amended during the course of the meeting, and all items to be voted on shall be considered as presented without amendment or modification.

7. Quorum. A quorum for the transaction of business at any general membership meeting shall be ten percent of the total number of votes of eligible voters,

voting either in person, or by proxy. If a member has lost his or her right to vote because he or she is not a member in good standing, he or she is counted for quorum purposes if present in person or by proxy.

8. Voting. A member may vote in person or by mail, by electronic transmission, or by proxy in the form of a record executed by the member or a duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

9. Majority. Actions of the membership shall be taken by a majority vote of the members in good standing, voting at a meeting with a quorum, except as otherwise provided by law or Nisqually Pines governing documents. An example of such an exception is set out at Article IV(G) below, regarding the adoption of income and expense budgets, including provision for assessments.

10. Procedures. When reasonably necessary, the Board of Directors shall establish procedures for initiatives, referenda, membership meetings and all other matters relating to membership issues that are reasonable and fair, in its judgment, including procedures to ensure the accuracy of voting as deemed appropriate.

ARTICLE III BOARD OF DIRECTORS POWERS AND DUTIES

A. General. The Board of Directors is responsible for acting in all instances on behalf of the Association, except where otherwise expressly provided. It conducts, manages, and controls the affairs and business of the Association, and exercises ownership authority and control over all the common properties of the Association. It shall establish procedures and rules as reasonably necessary for all matters relating to its work, membership and Board meetings, and all other Association matters, that are reasonable and fair, in its judgment.

Members of the Board of Directors develop skills and insight into the work of the Association through their service to the Association, including as Directors. Their responsibilities are to follow state laws and Nisqually Pines Community Club governing documents and rules and regulations in good faith in ways that, in their individual and collective judgments, best serve the purposes of the Association, and are fair and reasonable.

B. Principles of Board Leadership. The Board of Directors shall endeavor to meet the following principles in its work, as reasonably appropriate to the circumstances:

1. transparency, and a concerted effort to build and retain transparency;
2. inclusion, and a concerted effort to build and retain inclusion;
3. building a sense of ownership in the members of the process and the results, which come from effective work on transparency and inclusion;
4. seeking, finding, creating and nurturing natural partnerships inside and outside the organization;
5. creating and recording systems and processes to do the work of the Association, to further consistency and fairness;
6. properly supervise staff, volunteers and others without micro-managing;
7. being courteous to everyone involved, using civility and respect, as a culture of the association; and
8. hiring, training and supervising effective staff and volunteers who have the best interests of the association at heart, who will find ways to create systems and processes so that Board members can use their talents to interact with administrative work in constructive ways, profit from the talents and energy of staff and volunteers, and not try to do everything themselves.

C. Exercise of Board Duties. The Board of Directors shall delegate such of its powers with respect to management of the Association as it deems appropriate, subject to state law and the governing documents and rules and regulations of the Association. It is expected that the full Board of Directors shall not make all of the decisions, small and large, reasonably necessary to meet the purposes of the Association. Rather, it shall provide oversight and direction, determine Association strategies and approaches, and serve as the final authority except where that authority rests with the membership. Specifically, the Board is responsible for:

1. helping the Association comply with the Principles of Board Leadership set out above;
2. helping determine the vision and goals of the Association, and a strategic plan to accomplish them;
3. helping adopt and follow Association policies and systems;
4. helping develop and maintain in an Association Book a record of governing documents, policies, systems, visions, goals and strategic planning, so that governing decisions and documents will be readily available to current and future Directors, staff, volunteers and all members;
5. helping develop and implement a system to account for compliance with Association rules, policies and systems;
6. helping develop a program for periodic evaluation of the Association's vision, goals and strategic planning, including accounting for short, medium and long term planning;

7. supervising administrative staff, including in particular the primarily responsible administrator, but avoiding micromanagement; and
8. helping establish and support volunteers and committees to help with the above.

D. Membership Participation. The Board of Directors shall keep the membership informed of significant current and prospective issues (transparency). The Board of Directors shall, as reasonably appropriate, define such issues, take steps to educate and inform the membership about them, and consider the members' responses, including use of informational "town meetings" (inclusion) where appropriate. In evaluating the opinions of the members, the Board of Directors shall take care to consider its duties to the purposes of the Association, and to avoid allowing any one member to exercise a disproportionate role in the process.

E. Records. The Association office shall keep records, including, but not limited to, records of the current Articles and Bylaws; a list of members, including names, and addresses; sufficiently detailed information to provide to the members a true statement of the financial status of the Association; a list of Officers' and Directors' names and addresses; and minutes of the Board meetings, the general membership meetings, and the meetings of all committees that keep minutes, for at least ten years. In addition, the Association office shall keep other records of its operations, as it deems necessary, for the conduct of association affairs, including matters having to do with individual members and lots. Association records may be inspected and copied by any members and their authorized agents, and mortgagees, upon reasonable advance notice, as provided for by law. The only exceptions are for records otherwise protected from disclosure by law. The Association may impose reasonable charges for the inspection and/or copying of the records. The Association shall not release any unlisted telephone numbers of members without authorization. If a member gains access to a membership

list by inspection and copying of association records, use or sale of such membership list by the member is prohibited.

F. Enforcement Actions. The Board of Directors may determine whether to take enforcement action in any matter by exercising, in its discretion, the Association's power to impose sanctions, including but not limited to the use of procedures established by Board Resolution or rule; or commencing remediation, including where reasonably necessary litigation; for a violation of the provisions of its governing documents including its rules and regulations. This determination shall include whether to compromise any claim made by or against it, or regarding its affairs. Factors for the Board to consider when making such determinations include, but are not limited to:

1. the extent to which any Association covenants or other rules at issue may be law be varied from, or are not subject to variance;
2. the extent of the seriousness of the circumstances, the Association's attempts to resolve matters by less formal means, the member's response to those attempts, and the member's likely compliance with future requirements;
3. the relationship between the seriousness of the circumstances and the costs of enforcement;
4. whether the Association's possible actions involve risk to the Association;
5. the member's historical record of compliance with Association rules, and with attempts at resolution of disputes with the association or other members regarding association affairs;
6. the general need for consistent treatment of all members;
7. the need for deterrence of other similar violations by the same member, or others; and
8. whether it is in the Association's overall best interests to pursue enforcement, and if so, to what extent.

ARTICLE IV
BOARD OF DIRECTORS
GENERAL

A. Number. There shall be seven members of the Board of Directors. The number may be changed for good cause by the Board of Directors.

B. Qualification. Members in good standing who meet the following tests are qualified to serve as Directors:

1. membership as a property owner for at least one year prior to taking office;
2. no more than two Adjudication Committee fines within the three years prior to the election;
3. no removal or resignation from the Board within the three years prior to the election, unless the same was for reasons of a medical condition which has been resolved; and
4. no conviction for a felony crime, or any crime of possession of an unlawful drug, assault, or domestic violence, within five years prior to the election.

C. Terms of Office. Each Director shall serve a term of three years. Each Director shall serve until the earlier of his or her removal, or the end of his or her term.

D. Removal. A Director may be removed with or without cause by a majority vote of the members in good standing voting at a membership meeting with a quorum. A Director may also be removed by resignation or disqualification. Resignation is effective upon delivery of written or oral notice of the same to the President of the Board of Directors, or Vice-President in case of the unavailability of the President. A Director shall become disqualified if he or she is no longer a member, or a member in good standing; misses three consecutive meetings without reasonable cause, as determined by the Board of Directors; or becomes no longer qualified to be a

Director, as set forth above. The Board shall determine such vacancies and disqualifications, and declare a Director position vacant, by motion and vote.

E. Vacancies. If a vacancy occurs in a Board position for any reason, the remaining Directors may appoint by their majority vote, a successor within a reasonable period of time, even though less than a quorum is present at the Board meeting at which the matter is considered. An appointed successor shall fill the remainder of the unexpired term of the former Director.

F. Meetings.

1. Where and When. The Board of Directors shall meet at the Clubhouse, unless otherwise necessary, at least monthly. Special meetings of the Board of Directors may be called by the President, or a majority of the Board by delivery of a Notice of the same in writing, signed by the initiating Board members, to the President directly or through email.

2. Notice. Notice of regular monthly meetings shall be given by posting a notice on the reader board at the entrance to Nisqually Pines, and on the Nisqually Pines website.

Notice of special meetings of the Board of Directors shall be given to the Directors by delivery of notice of the same in writing, by personal communication, or by email, at least 24 hours prior to the meeting. Notice to the members of special meetings of the Board of Directors shall be given at least 24 hours in advance of the meeting, by posting notice on the reader board and the website. If any such Notice is not reasonably possible under exigent circumstances, then Notice shall be given to Directors and members in a manner reasonably likely to provide actual notice under all the circumstances.

3. Quorum. A quorum of the Board of Directors for the transaction of business shall be a majority of the then sitting Directors.

4. Majority. A majority vote of the Directors at a meeting at which a quorum is present is sufficient to transact the business of the Board of Directors.

Directors may not vote by proxy.

5. Distance Meeting. Any meeting of the Board of Directors may be conducted by telephone conference call, or similar communications medium, whereby all directors participating are in voice or electronic contact with each other throughout the meeting, and all members have the opportunity to observe the meeting. subject to all other meeting requirements as set forth by law or herein;

G. General or Special Budget for Income, Expenses and Reserves. The Board of Directors shall adopt a proposed annual budget for (1) annual assessments (including for assessment rates per lot) and other income, (2) expenses, and (3) reserves; as well as special or amended budgets for the same, or any of them, when needed. Assessments shall be set in an amount the Board deems necessary to meet the purposes of the association and shall be imposed on an equal basis per lot. The Board shall make provision for the budgeting process to comply with state law requirements. If in the future no controlling state law imposes such requirements, the Board shall undertake the same process as used in the most recent budget cycle.

H. Debt. The Board shall not incur debt on behalf of the Association unless approved by the members.

ARTICLE V OFFICERS

A. Election. At the first meeting of the Board of Directors after each annual meeting of the members at which Directors are elected, the Board of Directors shall elect its President, Vice-President, Secretary, and Treasurer from among the Directors. Officers of the Association so elected shall hold office until their successors are qualified.

B. Removal. Any Officer may be removed as such by a majority vote of all the Directors.

C. Vacancy. When there is a vacancy among the officer positions for any reason, the Board of Directors may elect a replacement within a reasonable time.

D. President. The President shall preside at all meetings of the Directors and members, shall sign as President on all agreements, contracts and instruments authorized by the Board of Directors, and shall be its Chief Executive Officer.

E. Vice-President. The Vice-President shall perform the duties of the President when the President is unavailable.

F. Secretary. The Secretary shall be generally responsible for Association records. Association records shall remain in the Association office unless otherwise directed by a majority of the Board. The Secretary shall not have daily responsibility for the Association's records and administrative matters, which shall be delegated to and managed by Association staff, volunteers and consultants. The Association is sufficiently substantial with regard to its administrative responsibilities so that it is necessary to engage staff and consultant support; the role of the Secretary is general oversight and liaison to the Board.

G. Treasurer. The Treasurer shall be generally responsible for Association finances. Association financial records shall remain in the Association office unless otherwise directed by a majority of the Board. The Treasurer shall not have daily responsibility for Association financial matters, which shall be delegated to and managed by Association staff, volunteers and consultants. The Association is sufficiently substantial with regard to its financial responsibilities so that it is necessary to engage staff and consultant support; the role of the Treasurer is general oversight and liaison to the Board.

H. Execution of Documents. The President, or in the absence of the President, the Vice-President, shall sign and execute all contracts, conveyances, notes

and security agreements on behalf of the Association. When necessary due to particular circumstances, the Board of Directors may specifically authorize signing and execution otherwise. Checks, drafts, and other negotiable instruments, and other documents except amendments to Association documents, may be signed and/or executed as provided by the Board of Directors. The President, or Vice-President, in the absence of the President, shall be responsible for preparing, executing, certifying and recording Association governing documents, Association rules and regulations, and amendments thereto.

I. Employees and Agents. The Board of Directors may appoint, engage and/or employ, pursuant to its direction, employees, contractors, agents and volunteers.

ARTICLE VI COMMITTEES

A. Director Committees. The Board of Directors may form committees of Directors (Director Committees) at any time for such purposes as it may deem necessary, by resolution adopted by a majority of the Directors in office. Each such Director Committee shall consist of two or more Directors, and only Directors may serve on Director Committees. Each Director Committee resolution shall specify the composition of, procedures for, and functions assigned to the Committee, and any other matters reasonably necessary to its effective operation. Such Director Committees, to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the Association, provided, that no such Director Committee shall have the authority of the Board of Directors contrary to the provisions of law and Association governing documents.

The President of the Board shall have the authority to appoint and remove members from these Director Committees, with the written consent of at least two other Directors, except for an Executive Director Committee, which shall be composed of the

Association officers. All Director committees shall make minutes of their meetings and keep their minutes and other documents in the Association offices.

B. Member Committees. The Board of Directors may also form Member Committees composed of general members, which may also include Directors, by resolution adopted by a majority of the Directors in office. Each such resolution shall specify the composition of, procedures for and functions assigned to each Member Committee, and any other matters reasonably necessary to its effective operation. No such Member Committee shall have the authority to act for the Association. In matters requiring Association action, the Member Committees shall make recommendations to the Board of Directors, which may adopt, adopt as amended, or reject such recommendations, at its discretion. All determinations by Member Committees are subject to appeal to the Board of Directors. Member Committees shall include, but shall not be limited to, the following:

1. Adjudication Committee. The Board of Directors shall appoint at least three Adjudication Committee members, and a Board Director to serve as liaison to this Committee. Background investigations which are sufficient in the judgment of the Board of Directors shall be required prior to consideration for appointment. A member is eligible to serve on the Adjudication Committee if the member has lived at Nisqually Pines for at least one year and is a member in good standing. Board members, immediate family members of Board members and employees of Nisqually Pines may not serve on the Adjudication Committee. The Adjudication Committee shall be responsible for resolving claims that a member has violated a term of the governing documents of Nisqually Pines, including but not limited to all covenants, rules and regulations that may apply; and including the Civility Resolution.

2. Finance Committee. The Board of Directors may appoint at least three Finance Committee members, and a Board Director to serve as liaison to this Committee. If the Board does so, the Finance Committee shall be appointed prior to

April 10 of each year. Background investigations which are sufficient in the judgment of the Board of Directors shall be required prior to consideration for appointment. A member is eligible to serve on the Finance Committee if the member has lived at Nisqually Pines for at least one year and is a member in good standing. Board members, immediate family members of Board members, and employees of Nisqually Pines may not serve on the Finance Committee. The Finance Committee shall be responsible for development of a preliminary budget, long range planning recommendations, and periodic reviews of Nisqually Pines finances, and compliance with state law regarding budgets and budget summaries. It shall work directly with Administrative office staff and consultants, as directed by the Board. At any time that there is no properly constituted Finance Committee, the Board shall direct the Administrative office staff to prepare a preliminary budget for consideration by the Board, in consultation with Association consultants; and other responsibilities of the Finance Committee, in its discretion.

ARTICLE VII CODE OF ETHICS

A. Standard of Care. All persons performing services for or on behalf of the Association, including Directors, shall do so in good faith; in a manner they believe to be in the best interest of the Association; and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. All members shall act with good faith in all matters arising in any way out of their membership in the Association; "good faith" means an honest belief made with good intentions.

In performing the duties of a Director, a Director shall be entitled to rely, as provided by law, on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by its Officers or

employees; counsel, certified public accounts, and other professionals; and Director Committees and Member Committees.

B. Open Meetings. All official meetings of the Board of Directors and its Committees shall be open for observation by all members and their authorized agents, except as otherwise specified by law. The Board of Directors, or any Committee, may meet in informal study sessions, which do not constitute official Board or Committee meetings, so long as no votes are taken and no business is transacted, and no binding agreements are made regarding official actions of the Board or a Committee.

C. Conflict of Interest. No member of the Board of Directors, or of any Director or Member Committee, shall participate in any vote on any subject in which he or she has a specific personal, professional, financial, or other conflict of interest. He or she may, however, participate in discussions regarding the same. When a Committee member has duties that present the possibility of a conflict of interest, or the appearance of a conflict of interest, the matter shall be raised as soon as practicable so that the Board or Committee may first consider directly the risks presented, and if it decides to approve the performance of such duties, it shall then adopt a clear statement of the circumstances, and the safeguards that will be put in place.

D. Loyalty. All members, including Directors, are encouraged to share their views and opinions. Constructive dissent can be a very valuable resource to a Board of Directors. Directors may vote in the minority on issues, and they are not required to personally endorse any Board of Directors decision or action. They may discuss their opinions freely and openly with anyone. But by accepting a Board of Directors or Committee position, or any other Nisqually Pines position of any authority or discretion, all members assume a duty of loyalty to the Association, and each agrees to work within the Association processes and systems to advance his or her views or positions; and not to either individually, or in collaboration with others, intentionally sabotage or subvert the work of the Board of Directors, Committee, and/or Association.

The participation of members is essential to the work of the Association, in many ways. Members are encouraged to help directly and indirectly. However, members are also encouraged to participate in ways that are constructive, and not destructive. Criticism, with the intent to improve, can be constructive. But if participation is made in a primarily destructive context, it can harm the work of the Association. The Association relies on the help of its Directors, Officers, employees, agents and contractors, committee members and volunteers, and each of these is entitled to serve the Association free from destructive criticism.

E. Confidentiality. All members, including Board members, as well as volunteers, employees, agents, and contractors, shall maintain confidentiality with respect to any information they become aware of having to do with any matters involving legally protected personnel matters; disability circumstances of members; consultation or communications with legal counsel; likely or pending litigation; possible violations of the governing documents involving the possible liability of a member to the Association; and any other matters the privacy of which is protected by law.

F. Loans. The Association shall make no loans to its Directors or Officers.

G. Audits. The Board of Directors may commission an audit of any or all of the financial accounts or affairs of the Association at any time, and to what extent, it deems appropriate. In addition, at least annually, the Board of Directors shall commission a financial statement of the Association. Such financial statements shall be audited where provided by law, or as directed by the Board of Directors.

H. Accounts. The funds of the Association shall be kept in accounts in its name and shall not be commingled with the funds of any other Association, the President of the Association, or any other person responsible for custody of such funds.

ARTICLE VIII ASSESSMENTS

A. Obligations. Each member, by accepting an ownership interest in any lot within the development, agrees to pay all assessments imposed by the Association, as defined below. Assessments shall not be imposed against the lots that constitute common areas. No counterclaim, cross-claim, claim of set-off, or any other claim or defense, of any nature, by a member against the association shall excuse the payment of any assessment, or cause the delay of any collection proceeding by the association, including a lien foreclosure action, pending the resolution of such claim(s).

B. Assessment Definition - Personal Obligation and Lien. Assessments as defined herein shall constitute a personal obligation of each member. This personal obligation shall not pass to the member's successors in interest unless assumed by the same in writing. A successor shall be responsible for assessments which become due on and after the date of succession. In addition, assessments, shall constitute a lien as specified herein against each lot subject to each such assessment, whether this lien is reduced to writing and recorded, or not. The date of each such lien shall relate back to the date of the recordation of the original restrictive covenants that apply to each lot.

C. Member Obligations, Payment Agreements. Members have the obligation to pay assessments, but the Association recognizes that individual members often face financial difficulties. The Association shall diligently collect all accounts. When an account becomes delinquent, the Association shall make reasonable efforts, in its sole judgment, to work with the member to bring the account current, including readily accepting reasonable payment plans, supported by a promissory note, where such plans agree to the amount owed and the interest rate specified by the association, provide for payment in full of all delinquencies within a reasonable time within the discretion of the Board, and specify that all future assessments will be paid timely.

D. Foreclosure. When reasonable collection efforts are not successful, and if appropriate in the judgment of the Association, assessment liens may be foreclosed, in the general manner of foreclosure of real property mortgages, with adaptations where reasonable in the judgment of the Board of Directors; provided, that a revised deficiency judgment may be entered after confirmation of sale, crediting the sale proceeds, and any payments or other credits, and debiting any post-judgment assessments, costs and attorney fees, and any other assessments as defined below; the member may stay the proceedings at any time, prior to sale, by payment to Nisqually Pines of the full amount due, as defined below, including claimed attorney fees and all costs of prosecution; the purchaser at sale shall be entitled to possession during the period of redemption, if any; after sale, the amount required to redeem shall include any and all supplemental judgment amounts and any other assessment amounts not yet reduced to supplemental judgment; and if a lot has been improved and abandoned, as defined by state law, upon request, a court may order no redemption period.

E. Lien Priority. The lien of Nisqually Pines Community Club for payment of all assessments as defined herein is prior to any other lien, mortgage, deed of trust, or any other encumbrance, regardless of filing date of notice of the same; provided, that recorded first mortgage liens placed upon any of the lots at Nisqually Pines for the purpose of constructing a residence or other improvements on the lot, are superior to Nisqually Pines liens; all as provided for by the applicable recorded Declaration of Charges, Assessments and Liens.

G. Assessments. The following are included in the meaning of “assessments:”

1. General Annual Assessment and/or Dues. The Association shall impose an annual general assessment on each lot within the development, which assessment or dues shall be imposed as specified in these Bylaws.

2. Special Assessments. Special assessments for particular expenses may also be imposed as specified in these Bylaws.

3. Other Charges. In addition to these general and special assessments, the following charges may also be imposed, and are for the purposes of the Bylaws also considered assessments.

a. Service Fees. The Board of Directors may in its discretion impose direct fees for such utilities, goods and services as, for example, water service termination, Clubhouse rental, deed transfer fees, fees for the use of recreational facilities, lien filing fees, and any other reasonable administrative expense;

c. Fines. Any fines, pursuant to the system for the imposition of fines for violation of Nisqually Pines Community Club requirements, as adopted by the Board of Directors;

e. Late Fees and Interest. The Association may add reasonable late fees, as well as interest of not more than 12% per annum, compounded annually, to any delinquent assessments. Assessments are delinquent thirty days after notice, unless otherwise specifically provided; and

f. Expenses and Fees. If the Board of Directors is required to expend any funds, with or without litigation, in pursuit of the collection of any assessments, as defined herein, including the payment of any real property or other taxes associated with the subject lot; the assertion of or defense to any claims regarding the authority, jurisdiction or exercise of any of the powers of the Association; the assertion of or defense to any claims regarding the personal or real property of the Association; the correction of any violation of Nisqually Pines Community Club covenants and/or rules; or with regard to any other dispute concerning its actions and/or powers; all expenses, including but not limited to attorney, accountant, other expert, title report and surveyor fees; lot condition remediation costs; and all other costs of litigation, including court and discovery expenses; and any and all other amounts

reasonably expended in the process of collection, dispute resolution or correction; shall be paid by the member or person or other entity responsible, and shall also constitute a lien against the member's lot(s).

4. Application of Payments. Payments made on member accounts will be applied in the following order, unless otherwise as specified by the association: first to the oldest assessment delinquency; then to more recent delinquencies in order, oldest first.

ARTICLE IX GOVERNANCE

A. Binding Rules. The rules of the Association, including the provisions of the governing documents, and other Association rules and regulations, are binding on all members; and on all other parties having or acquiring any right, title, or interest in land within the jurisdiction of Nisqually Pines.

These rules apply to all existing conditions and circumstances, unless otherwise specifically provided. This applies, but is not limited to, actions of members having to do with their lots, the lots of others, common areas, or in any way arising out of membership in, rights to, or use of or presence at any lot or common area within Nisqually Pines.

Members are responsible for the actions of themselves, and all guests, family members and tenants, as well as all other occupants of or visitors to their lots, as they relate to the facilities and operations of the Association, its governing documents, common areas, and other Association rules and regulations and other requirements.

The acceptance of an interest in title also constitutes an agreement that the member or other party accepts Association governing documents and rules and regulations as they exist now and may be amended in the future, for himself, herself or itself, as well as for all family members, guests, tenants and others.

The provisions of these Bylaws and other Nisqually Pines governing documents are binding on all other persons or entities who or which take any interest in any Nisqually Pines lot, including use of such lot as security for payment; any such interests are subject to the terms of these Bylaws and such governing documents.

B. Covenant and Rule Interpretation and Construction. Where any terms of the governing documents and/or other rules are unclear, the Association shall have the right, power and authority to construe and interpret the same, by providing a meaning that is reasonable and fair, and advances the purpose of the Association and the collective interests of the members.

C. Member Responsibilities and Violations of Rules. It may from time to time be necessary for legal action to be undertaken in order to correct violations of Nisqually Pines covenants and/or rules, and/or to respond to claims against the Association. The Association itself may bring actions to correct such violations or, where the rule violated is a recorded restrictive covenant, any individual members may also do so. A corrective action, other claim, or response to a claim may be brought at law or in equity, and may request relief in the form of injunction, remediation, foreclosure, damages and/or collection of assessments as defined at Article V above, or any other relief authorized by law or in equity.

A member is responsible for the condition and uses of his or her lot. This means, among other things, that if a member succeeds to ownership of a lot that has conditions or uses associated with it that constitute violations of Nisqually Pines covenants and/or rules, he or she is responsible for correction of such violations in all ways as if he or she were the owner at the time of the violations.

All members are responsible for ensuring that their lot conditions, and actions of themselves and their family members and guests, also comply with federal, state and local requirements, including but not limited to Thurston County zoning, planning, and health department requirements.

D. Civility. All Nisqually Pines representatives and volunteers, members, and non-members, when acting regarding any aspect of Nisqually Pines business and/or affairs, and within its jurisdiction, will conduct themselves with civility, and not be abusive to others. “Civility” means, “asserting and caring for one’s own needs and beliefs without degrading the needs and beliefs of others in the process.” “Abusive” means, “angry, hostile, threatening, and/or insulting, to the point where a reasonable person would consider that a contact has gone beyond a legitimate discussion of issues and has become a personal attack.” Failure to maintain civility may result in sanctions including but not limited to removal from meetings, prohibition against contacts, and monetary sanctions.

E. Access and Repairs. The Association shall have the right of access through and upon each of the lots within Nisqually Pines to allow it access to Association property and/or facilities, so that it may make reasonably necessary repairs to such property and/or facilities, upon notice to the member that is reasonable under all the circumstances. The Association shall have the right to charge the member for repairs to Association property where the member has the obligation to make such repairs, and the member has been given a reasonable opportunity to do so but has not done so.

F. Limitation on Actions. No legal or equitable action may be brought against the Association or its Board of Directors, Officers, employees, agents, committee members and/or volunteers, for failure to enforce any provisions of the governing documents or rules and regulations under any circumstances; or for mistakes made reasonably and in good faith regarding the approval or failure to approve building or other lot improvement plans.

In addition, the Board, and its Directors, undertake many responsibilities for the administration of the Association. If, in the course of its work, the Board, or its Directors, fails to comply with administrative requirements as set forth herein or in other rules or regulations of the Association, and such failure is not the cause of

substantial damage to any member(s) or the Association, then the sole remedy available to members is to make the Board aware of any related issues; the Board, or its Directors, shall then take necessary actions in good faith to reasonably cure whatever such failures, require such remediation; and legal actions may not be brought for such failures without the persistent refusal by the Board or its Directors to respond as required herein, and substantial resulting damage to any member(s) or the Association.

G. Indemnification. The Association may indemnify current or former Directors and/or Officers, or any other person, to the maximum extent pursuant to law.

H. Limitations. The Association may not have or issue shares of stock; make any disbursement of income to its members, directors or officers; or loan money or credit to its officers or directors. The Association may pay compensation in a reasonable amount to its members, directors or officers for services rendered; confer benefits upon its members in conformity with its purposes; and upon dissolution, may make distributions to its members as permitted by governing law, and no such payment shall be deemed to be a dividend or a distribution of income. Conflict of interest provisions of Article VII(C) of these Bylaws apply to all determinations regarding such matters.

I. Severability. If any provision of these bylaws is deemed illegal or without effect, the remaining provisions shall not be effected.

J. Non-Waiver. Failure of the Association to enforce any Association covenant, Article of Incorporation, Bylaw, or any other rule or regulation against any member shall not operate (1) to waive the right of the Association to enforce at any time the same rule or any other rule against the same or any other member; (2) to acquiesce in the future non-enforcement of the same or any other rule; (3) as the abandonment of the right to enforce the same or any other rule; or (4) to constitute any other defense to enforcement in any particular case. No person or entity may rely on any such failure to enforce for any purpose.

K. Amendments. Amendments to these Bylaws may be submitted to the membership by the Board of Directors, or by a petition of members in good standing to the Board of Directors representing twenty percent of the total votes of the Association. These Bylaws may be amended by the majority vote of the members in good standing voting at a membership meeting with a quorum. The effective date of each amendment shall be as specified therein.

**ARTICLE X
CERTIFICATION OF AMENDMENT**

A. Certification. I, the President of Nisqually Pines Community Club, certify that the above stated Bylaws were properly adopted according to all requirements as an amendment to the Bylaws of Nisqually Pines Community Club.

B. Effective Date. The effective date of these Amended Bylaws shall be and is the ____ day of _____, 20___. All provisions of these amendments shall apply to all members and circumstances subject hereto immediately upon said date, except as otherwise prohibited by law.

By my signature hereto, I so certify.

Signature
President, Board of Directors

Typed Name

Date

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

This record was acknowledged before me on _____ [date] by
_____ [name] as President of the Board of
Directors of Nisqually Pines Community Club.

[Signature of Notary Public]

[Notary Name Printed or Typed]
Notary Public in and for the State of Washington.
My commission expires _____

DRAFT